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# HUMAN RESOURCES MANAGEMENT: IMPLEMENTATION OF THE SECRETARY-GENERAL'S STRATEGY FOR THE MANAGEMENT OF THE ORGANIZATION'S HUMAN RESOURCES AND OTHER HUMAN RESOURCES MANAGEMENT ISSUES

## Implementation of the Performance Appraisal System

## Report of the Secretary-General

### I. BACKGROUND

1. The General Assembly, by its resolutions 47/226 of 8 April and 48/218 A of 23 December 1993, requested the Secretary-General, inter alia, to establish, as part of an overall system of accountability and responsibility, an objective-based performance appraisal system for all officials.

2. In the context of the Secretary-General's strategy for the management of the human resources of the Organization (A/C.5/49/5), which was endorsed by the General Assembly, plans were set forth for establishment of the new Performance Appraisal System (PAS), based on establishing work plans and linking individual performance to overall work unit plans and organizational goals.

3. By its resolution 49/222 A of 23 December 1994, the General Assembly approved the proposals of the Secretary-General for implementation of the PAS and requested that efforts be made to implement those proposals and to ensure that the system be implemented from 1 April 1996.

4. In its resolution 51/226 of 3 April 1997, the General Assembly requested, inter alia, that the Secretary-General report on the findings of the review of the first cycle of the PAS. Accordingly, in response to that request, the present report contains a review of the first full year of implementation of the System, as well as proposals for improving the System on the basis of lessons learned.

## II. OBJECTIVES

5. In line with the objectives of the Secretary-General's human resource strategy, the PAS was conceived as one element of the overall efforts to introduce into the global Secretariat a result-based culture of performance that would enable all staff members to contribute to their maximum potential and respond effectively and efficiently to meet the rapidly evolving needs of the Organization.

6. The PAS is based on performance management principles that have been recommended for the United Nations common system by the International Civil Service Commission. The overall objective of the System is to improve both individual and organizational performance by encouraging greater staff participation in the planning, delivery and evaluation of work and enhancing responsibility and accountability of both staff and managers. It is important to stress that performance appraisal is not an end in itself, but rather one element in an overall process of performance management, in which both staff and managers have a role to play.

7. Managers are expected to provide the framework for performance management by developing work plans for their department, office or work unit and by helping staff set goals linked to the overall work unit plans. They must also agree with staff, at the beginning of the performance cycle, on the priorities and expected standards of performance and subsequently monitor performance, provide ongoing feedback and assess performance on the basis of previously agreed upon criteria. Effective performance management also requires that managers work to develop staff and improve their performance, as well as recognize and reward their contributions. At the same time, staff are expected to participate in the goal-setting process, engage in ongoing dialogue about performance with their supervisors, work to improve their performance, seek out development opportunities and participate in realistic self-appraisal at the end of the performance cycle.

8. Firmly establishing an effective performance management system is seen as a long-term endeavour, requiring significant organizational culture change and new ways of thinking on the part of both staff and managers. For this reason, the PAS was approached in an integrated manner by introducing, along with the PAS, new programmes to provide career support, develop managerial/supervisory skills and promote attitudinal change. It was foreseen that transition to the new system would take time and that, during the initial transitional period, adjustments would need to be made in the light of experience. Accordingly, feedback has been sought from all departments and offices, as well as from staff associations, concerning the first year's experience. Through this process, valuable data have been gathered that will be utilized to improve and simplify the process.

## III. SYSTEM DEVELOPMENT AND TRAINING

9. The PAS system was developed in consultation with managers and the Staff Management Coordination Committee. It was initially pilot tested in seven

departments or offices of the Secretariat and revised in the light of the feedback from pilot participants. Redesign of the new PAS was finalized in January 1995. The procedures governing the system are set out in the administrative instruction of 18 September 1995 (ST/AI/411 and Corr.1).

10. A major programme of training in the PAS took place throughout the Secretariat prior to the launching of the new system. It aimed to build awareness of the principles underlying the system as well as its procedures. The majority of Professional staff received PAS training in 1995. General Service staff training had been scheduled for completion at all major duty stations by mid-1996; however, the special financial measures instituted in late 1995, which limited travel and hiring of trainers, resulted in some PAS training being delayed until the second quarter of 1996. Nevertheless, virtually all training for some 11,000 staff members in all major duty stations was completed by mid-1996. During the second half of 1996 and early 1997, training was conducted for established missions and multinational programming and operational planning centres. In addition, a PAS training video was developed and distributed to assist staff in United Nations information centres and other small offices, as well as staff who may have missed the initial training, and for use in the orientation of new staff members.

11. The PAS training continues to be complemented by other capacity-building staff development programmes, including an extensive programme of people management training. Over the past year and a half some 750 staff members in the global Secretariat have participated in the people management programme, including some 95 per cent of D-2 and D-1 staff at all duty stations and a significant number of P-4s and P-5s, Secretariat-wide. Two special seminars were held for Under-Secretaries-General and Assistant Secretaries-General. Additional complementary programmes, designed and implemented in the past 18 months, include training in negotiation skills and conflict resolution, special development programmes for successful G to P and national competitive entry candidates, supervisory skills training for senior General Service and Junior Professionals with supervisory responsibilities and a programme on General Service effectiveness.

## IV. IMPLEMENTATION STATUS

12. PAS implementation commenced in 22 departments and offices, throughout the Secretariat, in 1996. Implementation delays in some departments were a direct result of the special financial measures instituted in late 1995 during the financial crisis. Consequently, PAS training in some duty stations was delayed until the second quarter of 1996. Implementation cycles for some departments and offices were also affected by ongoing restructuring and changes in leadership.

13. Despite these obstacles, monitoring reports indicate that the majority of departments and offices prepared work plans, conducted mid-year reviews and have either completed or are in the process of completing end-of-year appraisals. In instances where there has been a delay in PAS implementation, those offices have been authorized to continue using the Performance Evaluation Report (PER) until the PAS is implemented in the course of 1997.

14. Terms of reference have been established for the three monitoring bodies that were agreed upon in the course of staff management consultations. These include the departmental Management Review Committees, the Joint Monitoring Committees and the Global Joint Monitoring Committee. The Management Review Committees and Joint Monitoring Committees have been constituted in most departments and offices. The role of the Management Review Committees is the ongoing line management oversight of work planning and progress in PAS implementation. The Joint Monitoring Committee is a joint staff-management mechanism at the department or office level that monitors and reviews implementation of the PAS by the department or office concerned in respect of timeliness of the process, compliance with procedures, and overall results. The role of the Global Joint Monitoring Committee, which is a subsidiary body of the Staff Management Coordination Committee, is to review overall implementation and examine global policy issues. It is intended that the joint staff-management bodies would function to support institutionalization of the PAS for the first three years, after which the necessity of maintaining these mechanisms would be reviewed.

## V. FEEDBACK FOLLOWING ONE FULL YEAR OF IMPLEMENTATION

15. As was envisaged, at the end of the first full year of PAS implementation, feedback was sought from line managers regarding lessons learned, specific concerns and recommendations to ensure that an enhanced PAS serves the Organization as an efficient, effective performance management and staff development tool. Managers were asked to incorporate the views of their staff in their responses. In addition, observations of the first year's experience were also sought from staff associations, Secretariat-wide.

16. Feedback responses were received from the Department for Economic and Social Information and Policy Analysis, the Department of Political Affairs, the Department for Policy Coordination and Sustainable Development, the Department for Development Support and Management Services, the Office of Legal Affairs, the Department of Peacekeeping Operations, the Department of Public Information, the Office of Internal Oversight Services, the Office of Human Resources Management, the Office of Conference and Support Services, the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations International Drug Control Programme, the United Nations Office at Nairobi, the United Nations Environment Programme, the United Nations Centre for Human Settlements (Habitat), the United Nations Conference on Trade and Development, the Economic and Social Commission for Western Asia, the Economic Commission for Africa, the Economic Commission for Latin America and the Caribbean, and the Economic and Social Commission for Asia and the Pacific, and from the staff associations of the United Nations Centre for Human Settlements (Habitat), the Economic and Social Commission for Western Asia, the United Nations Peacekeeping Force in Cyprus, the United Nations Environment Programme, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Asia and the Pacific, the United Nations Office at Vienna and the United Nations Office at Geneva. Further feedback was provided by all staff associations during the twenty-first session of the Staff Management Coordination Committee, held in June 1997. At that time, an extensive exchange of views took place concerning the benefits of the new system and the obstacles

encountered, and it was agreed that the system would be simplified in the light of feedback given.

17. In general, the feedback received from both management and staff indicates that, while the value of the overall concepts and principles on which the system is based was widely recognized, significant obstacles were also encountered, often related to the processes, which were perceived to be complex and burdensome. Many also commented that the system was being introduced into an unwelcoming organizational environment, characterized by severe financial constraints, restructuring and consequent changes in leadership and priorities.

18. Among the positive aspects of the PAS system observed by both programme managers and staff representatives were:

(a) The overall concepts of work planning, ongoing monitoring, feedback and appraisal and their potential contribution to the development of a performance-based management culture;

(b) The fact that it provided some individual staff with a better understanding of how their performance was linked to the overall department/ office work priorities;

(c) That the process provided a mechanism for delegation and holding staff accountable for established goals;

(d) That the PAS encouraged managers to provide structured feedback at least twice a year;

(e) That the system facilitated a discussion on individual staff development needs;

(f) That the mid-year review provided an opportunity to revise targets and/or plan remedial action;

(g) The fact that appraisals were based on pre-established performance expectations and not ex post facto evaluation as in the past;

(h) That the PAS required managers to formulate plans and provide direction to their staff.

19. On the other hand, a substantial number of obstacles were noted. Those most frequently cited include:

(a) Complexity of the forms, cumbersome and time-consuming processes;

(b) Unsatisfactory, non-user friendly electronic version of the forms;

(c) Lack of clear understanding of some of the terms used (such as performance dimensions, benchmarks, etc.); belief that some language used in the forms and guidelines was confusing and jargonistic;

(d) Difficulty experienced by some in establishing work plans and goals for routine jobs, such as some of those in service areas, or in areas where priorities frequently change;

(e) Lack of a mechanism for performance rewards and sanctions linked directly to the PAS and unclear linkages between PAS, promotions and career prospects;

(f) Apparent resistance on the part of some managers to accept performance management as one of their key responsibilities; belief that managing staff takes too much time from performing substantive work;

(g) The need for greater managerial skill in work planning, coaching and providing feedback;

(h) Need for greater links between performance planning and budget planning;

(i) Department/office restructuring, frequent changes in leadership priorities, resulting in unclear structures and responsibilities.

20. Two frequently expressed concerns regarding the PAS warrant particular mention, as they are based on widely held misperceptions of the system. The first is that the PAS rating process is intended to impose a mandatory "bell curve". As indicated in the PAS guidelines, there is no predetermined rating distribution. Nevertheless, experience with many similar systems indicates that when staff are honestly and appropriately appraised, the vast majority are found to have "fully met expectations", while those who have consistently exceeded expectations or who have not adequately met expectations would naturally be small.

21. As the first full implementation cycle has recently concluded, information on the distribution spread for each department and office is being gathered. Based on the information received to date, the following distribution trend is discernible: rating 1, 8.2 per cent, rating 2, 34.4 per cent, rating 3, 55.9 per cent, rating 4, 1.4 per cent, and rating 5, 0.1 per cent. The rating distribution in the global Secretariat is being monitored, not to ensure conformity to a predetermined distribution curve, but rather to ascertain consistency of approach throughout the Secretariat.

22. A second misperception regarding the system has been the view that a goal-based system such as the PAS is appropriate only to corporate, business environments. It should be noted, however, that the International Civil Service Commission has recommended, as cornerstones of sound performance management, the principles of performance planning, goal setting and establishing mutual performance expectations, and ongoing monitoring and feedback. Similar goal-based systems are used in several organizations of the United Nations system, as well as in other public and private non-profit organizations and national civil services.

23. Widespread concern has been expressed about the amount of time the PAS requires. While some managers report having spent up to five or six hours per

staff member on PAS-related activities during the year, the amount of time required is expected to diminish as the process becomes simpler and better understood. Nevertheless, it is the Secretary-General's expectation that good managers would normally devote this amount of time to each staff member in the course of a year in planning work, setting goals, discussing progress, coaching and providing feedback, all essential aspects of the important process of managing staff performance. Establishing an organizational culture where managers take responsibility for making maximum use of their largest resource - their staff - will require that managers view time spent managing staff as an essential investment in building and sustaining the Organization's human resource capacity. A challenge, in this connection, is to ensure that performance management is not seen as a form-filling exercise, which becomes an end in itself, and to ensure that reporting structures are established that allow for a reasonable span of control for each manager.

24. Despite the obstacles, and in some cases the frustration, faced during the first year of implementation, the experience has served, more than ever before, to focus attention and to promote intense discussion of the principles of performance management and of individual and managerial accountability. Valuable experience has been gained and significant lessons learned. The process has highlighted the importance of work planning, the benefit of involving staff in goal setting and establishing performance expectations upfront. Many staff have appreciated the opportunity to be involved in their unit's work planning process, to receive structured performance feedback, as well as to discuss their own development with supervisors in a more systematic way. In some instances, the PAS process has forced managers to confront weaknesses in their reporting structures, lack of goal clarity, absence of explicit standards and insufficient attention paid to managing staff.

## VI. MODIFICATION OF THE SYSTEM

25. While recognizing that significant simplifications and improvements to the system should now be made, it is considered important to retain the sound principles on which the system is based and to build on what have proven to be the most beneficial aspects of the system. In this context, it is intended that a refined and improved system will reflect the following changes:

(a) The steps in the process will be significantly reduced, ensuring that emphasis is shifted away from processes and procedures and placed on facilitating implementation of sound performance management principles;

(b) PAS forms and guidelines will be written in clear, straightforward, simple language, and made available in English, French and Spanish;

(c) A user-friendly electronic version of the form will be developed and made available to all staff;

(d) A performance management handbook will be developed that will provide guidance in setting goals for varied categories of staff;

(e) The planning cycle will be changed to two years, to coincide more closely with the budget cycle; two-year plans will be developed, subject to modifications as work mandates and priorities change; mid-year reviews will continue to be conducted every six months; and appraisals will be done on an annual basis;

(f) The existing narratives - "fully meets expectations", "frequently exceeds expectations" - will be used for appraisal, rather than numerical ratings;

(g) Proposals with respect to incentives and rewards linked to the PAS will be introduced for consideration by the General Assembly, pursuant to its request;

(h) Links between PAS, staff development and career support mechanisms will be strengthened;

(i) Further training will be made available for supervisors and managers to strengthen skills required for successful performance management, including team building, work planning, giving feedback and appraising.

## VII. CONCLUSION

26. Despite a largely unwelcoming organizational environment and severe financial constraints, every effort has been made to implement both the letter and the spirit of the General Assembly resolution as it relates to the introduction of a new Performance Appraisal System. Significant progress has been made. A majority of departments and offices have implemented the new PAS, and the small number of departments and offices where PAS implementation has yet to begin are being monitored with a view to ensuring full compliance in the course of 1997.

27. It is foreseen that the proposed improvements to the system, combined with strengthened support and training to enhance skills and reinforce the necessary attitudinal and culture changes, will significantly advance the Organization toward realizing the long-term aim of establishing, throughout the Secretariat, a result-oriented culture of performance, in which the PAS system serves as an effective performance management and staff development tool.

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